Board Matters Quarterly

Issue 4, 2025

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Issue 4, 2025

Board Matters Quarterly

Board Matters Quarterly offers thought-provoking perspectives and insights into leadership and governance issues for boards and audit committees, providing support to navigate an increasingly complex business environment.

Building Malaysia's energy future: A roadmap for strategic collaboration and growth

How boards can enhance technology oversight to unlock potential

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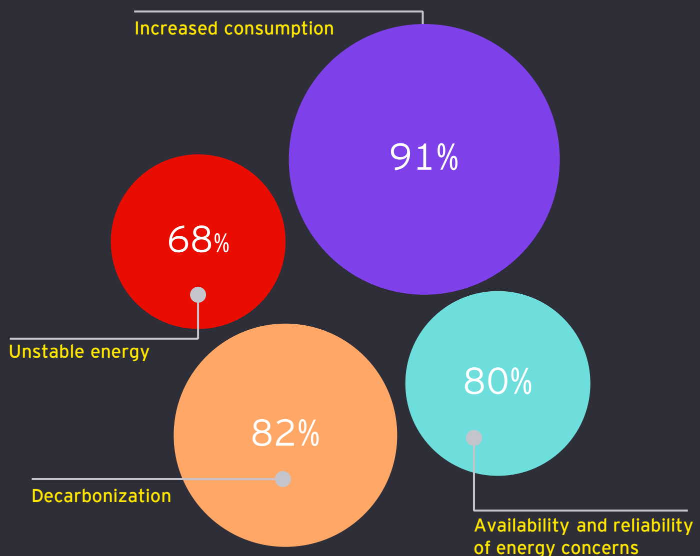
Building Malaysia's energy future: A roadmap for strategic collaboration and growth

By Mark Bennett

A powerful shift is underway in global energy demand, driven by accelerating digitalization, electrification and industrial reinvention. As electricity consumption hits new peaks, energy is becoming a strategic enabler of growth, not just an operating expense. The EY Navigating the Energy Transition research was recently conducted to survey more than 2,400 energy leaders in mid-size to large businesses in eight countries. It found that organizations and solution providers across sectors in Malaysia have a crucial opportunity to redefine their role, from utility supplier to trusted partner in sustainable business transformation.

Commercial and industrial users in Malaysia are now responsible for more than 75% of electricity demand. These business customers are raising their expectations, demanding energy that is reliable, cost-efficient and increasingly green. But many still face fragmented systems and generic solutions that do not reflect the complexity of their operations or ambitions.

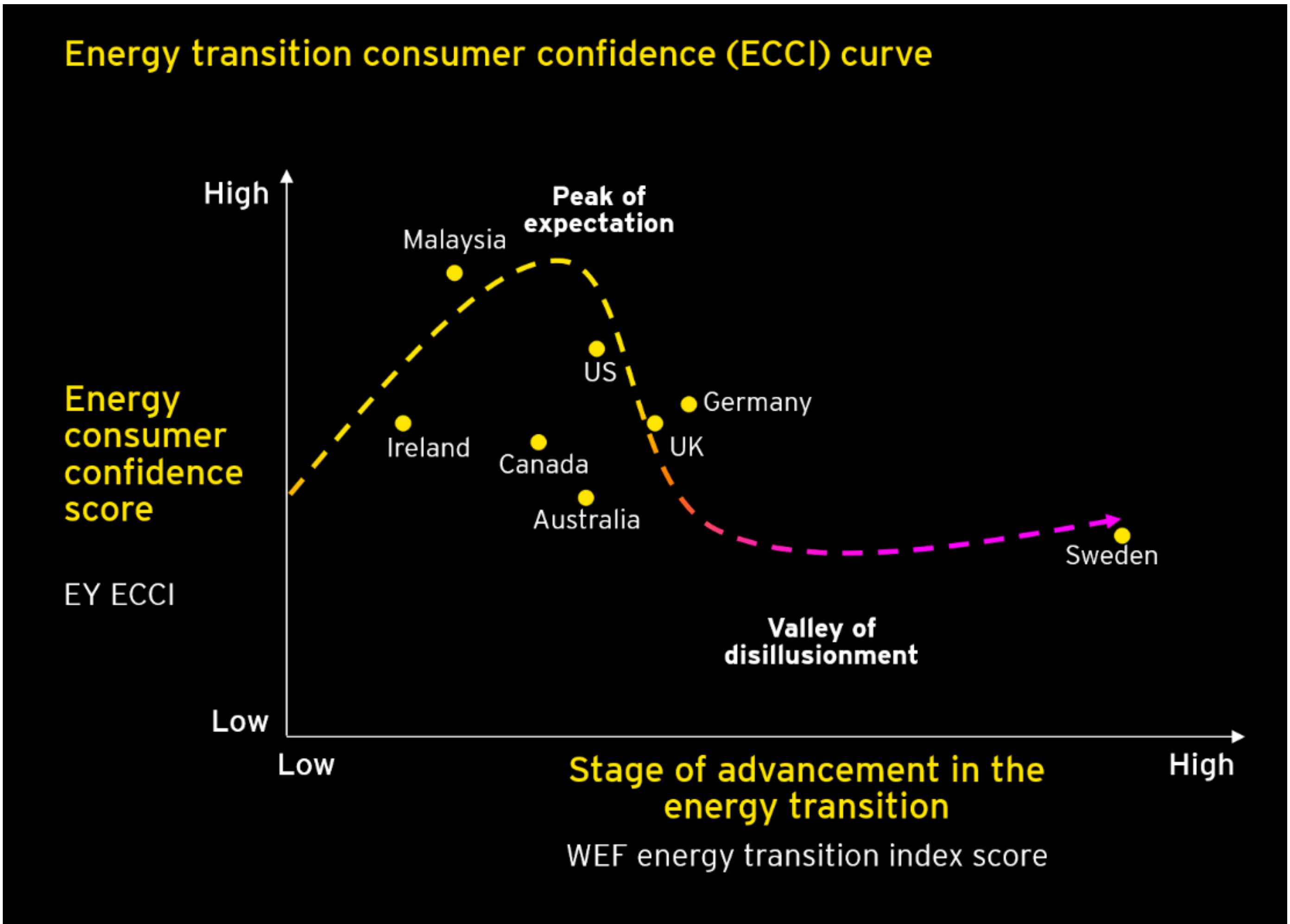


> In Malaysia, this dynamic is taking center stage. Seventy-five per cent of surveyed businesses say they expect their energy needs to become more complex over the next three years as they navigate rising and unstable energy costs (68%), availability and reliability of energy concerns (80%), increased consumption (91%) and decarbonization (82%) alongside other environmental, social and governance (ESG) pressures. These shifts are unfolding in parallel with the country's National Energy Transition Roadmap (NETR), which sets ambitious targets for decarbonization, clean energy adoption and digital infrastructure development.

From our research, we know that business confidence in energy transition is key to unlocking investments in new sustainable technology that businesses say they want to make. Energy transition is a multi-decade journey and what we see globally is that business confidence tends to go through a predictable cycle. When a country starts its energy transition journey, business confidence tends to be high, due to the promise of abundant cheap, clean and green energy.

But as the transition progresses, the trade-offs start to materialize and often it is the business customers who are expected to "pick-up" a significant portion of the cost of energy transition through tariffs and other charges. Business confidence naturally falls as energy costs increase while price stability and energy security often decrease. Over time, business confidence in energy transition returns, as the benefits start to be realized but never (yet) to the levels experienced at the start of the transition.

Malaysia is at the start of its energy transition journey and confidence is high, especially among larger businesses and in sectors that are arguably easier to decarbonize (services and information technology (IT) vs. natural resources and construction).



EY P&U CXT NET Research Base: Malaysia respondents. WEF Energy Transition Index 2024

Given this context, organizations and solution providers face a dual challenge: driving business growth while supporting the country's low-carbon transition. This is not a task for them alone. Embedding sustainability into business and operating models will require deeper collaboration across sectors, especially as pressure mounts from regulators, investors and customers to accelerate progress. The imperative is clear: deliver smarter, more tailored energy experiences that help businesses thrive while advancing national sustainability goals.

1 Businesses are powering our energy future

Electricity demand is expected to grow by **60% to 100% by 2050**, with businesses as key energy users account for nearly three-quarters of that growth. This is not just about artificial intelligence (AI) and data centers. Local demand is also driven by rising electric vehicle (EV) uptake, increased automation of operations, new manufacturing activity and internal tech infrastructure. A significant finding from the EY research indicates that over 90% of businesses in Malaysia, particularly those in manufacturing, IT and natural resources sectors, expect increased electricity consumption in the next three years.

Also in Malaysia, where new EV sales are projected to reach **9.6%[1] by end-2025**, progress is being made, but infrastructure gaps and consumer readiness remain challenges. This underscores the urgent need for future-ready energy systems that can scale with business ambitions, along with a stronger role for strategic partners and the broader energy ecosystem in supporting business growth.

2 Energy is now a competitive advantage

More than **70%** of businesses globally already have a formal energy strategy. Energy is no longer just a cost to manage – it has become central to operational resilience, supply chain efficiency and brand value.

In Malaysia, momentum is accelerating behind the NETR, which targets **70% renewables by 2050** and supports digital energy infrastructure like community solar and EV charging. Local businesses are reacting: the majority **(83%)** say they will increase investment on electrifying operations, lowering emissions and reducing energy costs in the next three years.

Many are looking for solution providers who can offer and bundle data insights around consumption, sustainable on-site generation and financing with digitally-enabled solutions.

3 Energy solutions must be both fast and flexible

Businesses are prepared to pay more for green energy, but they want it to work for them, quickly and on their terms. Two-thirds of businesses plan to invest in or expand their use of on-site generation and battery storage within the next three years, seeking greater control over energy sourcing and reliability. The EY research also highlights that **72%** of businesses in Malaysia are exploring on-site renewable installations and **54%** are considering selling surplus energy back to the grid.

This shift is a major opportunity for co-creation. Organizations and solution providers that move beyond standardized offerings and work closely with customers to deliver customized solutions, from solar to storage to energy-as-a-service, will be key players in Malaysia's low-carbon transition aligned with NETR ambitions.

4 Enabling the neglected middle

Mid-size firms, often the engine of Malaysia's economy, have similarly ambitious energy goals, but limited support to act on them. Despite having sustainability commitments similar to larger companies, mid-size businesses are more likely to feel less confident and face slightly more barriers in executing effective energy strategies due to affordability and complex regulations.

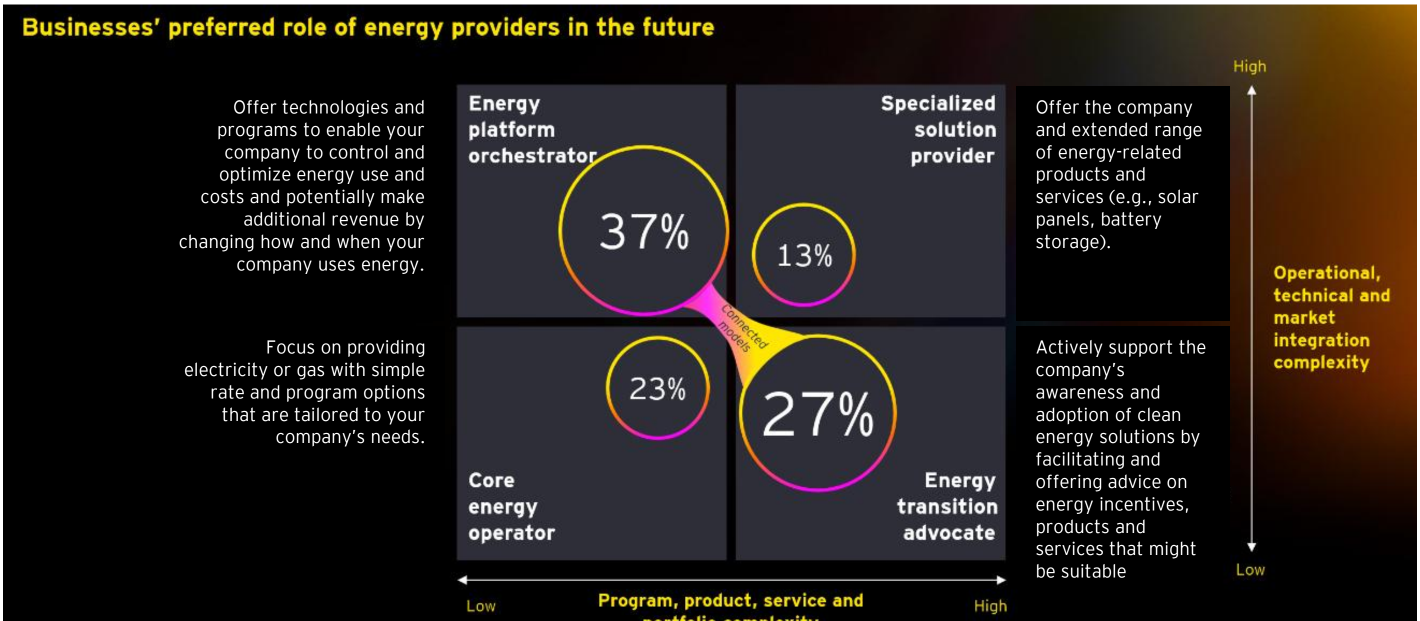
The challenges mid-size businesses face can in part be addressed through provisioning of better digital and AI-enabled energy products and services. Digital engagement is becoming essential. Globally, more than 70% of businesses want AI-powered advice and tools to help them make smarter energy decisions. Organizations and solution providers that prioritize personalization, intuitive platforms and local responsiveness can capture a fast-growing segment of the market.

5 Redefining energy partnerships

To better serve business customers, organizations and solution providers must decide what role they want to play. Four emerging models are taking shape:

- Core energy operator offering simple, transparent rates and tailored packages.
- Energy transition advocate guiding customers toward clean energy adoption.
- Energy platform orchestrator enabling energy optimization and control.
- Specialized solution provider delivering modular technologies like EV charging or microgrids.

In EY's global survey, **42% of businesses** indicated they want their provider to act as a clean energy advocate. In Malaysia, where businesses face dual pressures of rising costs and sustainability goals, this highlights a timely opportunity for organizations to step into that role. The research also notes a strong desire for personalized service, with more than **90% of businesses in Malaysia** seeking customized guidance on reducing energy costs and emissions. Organizations and solution providers that lean into this role can deliver high-impact value and build enduring customer relationships.



EY P&U CXT NET Research 2025. Base: Malaysia respondents.

Five steps to drive business energy transformation in Malaysia

To stay ahead, organizations and solution providers must move beyond legacy models and take bold, customer-centric action. These five steps offer a roadmap for transformation:

- **Deepen customer insights:** Go beyond basic segmentation to understand the unique motivations and expectations of all business customers in achieving their energy goals.
- **Evolve account management roles:** Shift business managers into strategic energy advisors who deliver personalized energy solutions and help bridge internal silos.
- **Enhance digital engagement:** Use smart tools and AI-driven platforms to provide insights, self-service options and educational support.
- **Clarify strategic position:** Develop a clear, future-focused roadmap to meet business needs and close internal capability gaps.
- **Foster collaborative ecosystems:** Build alliances to co-create innovative energy solutions that better serve varied customer needs.

Charting a new energy path for Malaysia

Malaysian organizations and solution providers across various sectors stand at a turning point. The demand from business customers is clear: smarter, faster and greener energy that supports sustainable growth. Those that listen, adapt and lead with innovation, leveraging digital technologies and ecosystem partnerships, will not only support their clients but also help shape a resilient, prosperous energy future for the country.

Sources:

- *How can soaring energy demand drive lasting prosperity?*, EYGM Limited, 2025.
- *Six actions to turn soaring energy demand into lasting prosperity*, EYGM Limited, 2025.
- [1]*Malaysian Automotive Association (MAA)*, 22 July 2025.

Mark Bennett is the EY Asia-Pacific Energy & Resources Customer Experience Transformation Leader; and Partner, Ernst & Young Consulting Sdn. Bhd. The views reflected above are those of the author and do not necessarily reflect the views of the global EY organization or its member firms.

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How boards can improve technology oversight to unlock potential

To effectively oversee technology, directors need clear, timely information from management and to boost their own tech fluency to drive strategic discussions. Some boards are establishing dedicated tech committees, but is that the right answer for everyone? As with so much else, it depends on factors such as the company's needs, board expertise and committee workloads — which may evolve over time.

In Malaysia, public and regulated sectors are stepping up expectations for board-level technology oversight. The Securities Commission Malaysia (SC) revised its Guidelines on Technology Risk Management (GTRM) in 2024, emphasizing that the board is ultimately responsible and accountable for effective technology oversight[1] — expanding expectations beyond cyber security to broader technology risk.

To understand what determines effective technology oversight, the EY Center for Board Matters reviewed S&P 500 tech committee charters and proxy statements and spoke with leading directors and tech executives at Fortune 500 companies. We highlight market trends, examine some of the challenges and opportunities around governing technology and present different approaches boards are successfully using.

1 How boards are handling technology's growing impact

Leading boards are realizing that traditional approaches may no longer be effective for overseeing the growing complexities of technology. Instead, they are finding success with various approaches – tailored to the unique circumstances of the company and the board.

a) Full board oversight

This approach may work at technology companies if it is fully integrated into all relevant items on the board agenda or if all board members have a deep understanding of technology and no separate forum for deeper discussions is needed.

b) Integration with a standing committee

This often works best when tech concerns align with existing agenda items. It also depends on the committee's bandwidth to add new responsibilities.

c) Standing up a technology committee

Creating a technology committee allows for in-depth discussions between directors and management on tech issues, which is beneficial for boards whose existing committees are already at capacity and where certain directors have relevant expertise and interest.

d) Align tech oversight with existing risk structures

Bank Negara Malaysia's (BNM) Risk-Management-in-Technology (RMiT) requirements for financial institutions (issued in 2023) reinforce the expectation that institutions and their boards treat technology risk as a core part of enterprise risk management[2], shaping how audit and risk committees engage on technology topics.

At the same time, Malaysia's capital markets and listed companies are updating governance disclosures and committee charters, reflecting the Bursa Malaysia Corporate Governance reporting and the Malaysian Code on Corporate Governance (MCCG) adoption trends. Boards should factor these local disclosure expectations when deciding whether to stand up a tech committee or expand existing committee remits.

2 How large-cap boards are responding

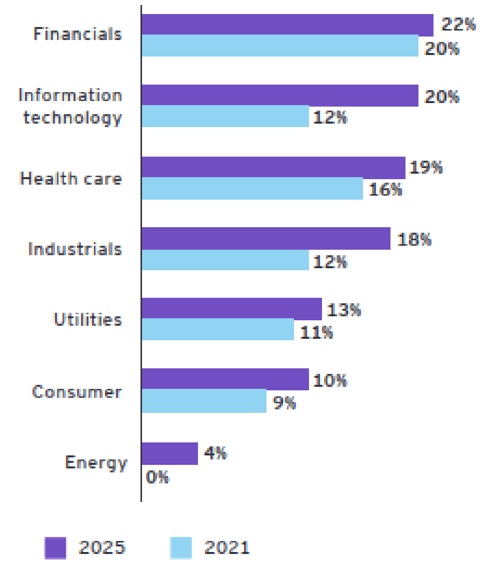
Two technology governance approaches stand out.

a) One in seven large-cap boards has a technology committee

The share of S&P 500 boards with technology committees has nearly doubled, **from 7% in 2018 to 13% in 2025.** Technology committees are most common in financial services companies **(22%),** followed closely by IT **(20%)** and healthcare **(19%)** companies.

Different sectors emphasize distinct areas of oversight. Financial sector technology committees often focus on strategy, trends and investment decisions. In contrast, IT sector committees primarily address cybersecurity, probably because the full board handles technology strategy. Healthcare technology committees usually concentrate on the adoption and impact of emerging technologies.

Share of S&P 500 companies with a technology committee, by sector

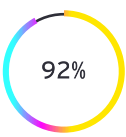


b) Expanding existing committee oversight responsibilities

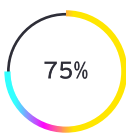
Most S&P 500 companies have expanded the purview of existing committees — usually the audit committee — to include specific aspects of technology oversight, such as cybersecurity and AI governance.

Nearly all companies (92%) cite cybersecurity among their committee oversight responsibilities in proxy statements. In most cases (75%), the audit committee is the primary committee overseeing cybersecurity. This differs from the financial services sector, where 42% of boards assign cybersecurity risk oversight to the risk committee, and in utilities, where a third assign it to a compliance committee.

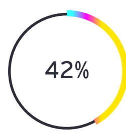
The share of S&P 500 companies specifically citing AI among committee responsibilities has more than tripled over the past year, rising from 6% to 20%. In most cases, AI oversight matters have been assigned to the audit committee, followed by technology, risk, compliance, nominating and governance and others, such as finance or sustainability.



Cite cybersecurity among their committee oversight responsibilities in proxy statements.



Of companies cite the audit committee as the primary committee overseeing cybersecurity.



Of boards in the financial services sector assign cybersecurity risk oversight to the risk committee.

3 Selecting the right approach

The following board conversations can help facilitate meaningful discussions and guide boards in choosing the most effective approach for them.

a) Level-setting on the company's technology maturity

It is not unusual for board members to have different views about the role of technology in the company's strategy and risk profile, the company's maturity relative to technology and opportunities for investment, evolution, efficiency and innovation. Identifying these differences and creating a common understanding is crucial to determining the right oversight approach.

Framing questions

- *What is the current level of technology fluency in the boardroom?*
- *Where is the company currently in terms of its technology maturity across the enterprise?*
- *Are technology executives strategically and business oriented?*

b) Determining the role of technology in advancing company strategy

Leading boards frequently discuss how technology is fostering product and business model innovation, reshaping the competitive landscape and introducing threats to existing and future businesses.

Framing questions

- *What role does technology play in the company's strategy and enterprise risk management?*
- *How does the current approach to technology oversight enable the board to serve as strategic partner to management in technology transformation and investment?*
- *Does the company's investment in technology require more board oversight?*

c) Securing the expertise needed for effective oversight

What we have heard from institutional investors is that adding a technical expert to the board may not be the best approach. Instead, they focus on how boards access external expertise and upskill through ongoing education.

Framing questions

- *What expertise does the board have to oversee the company's technology strategy and risks?*
- *Who are the technology experts on the board, and do they facilitate full board competence and discussion?*
- *What resources and expertise do existing committees need to meet evolving technology oversight needs?*

d) Improving and communicating board oversight

Committee charters should clearly delineate specific oversight responsibilities. Some boards use a regularly updated matrix of responsibilities to coordinate, while others find success with alternative strategies to keep committee work clear and aligned.

Framing questions

- *How do committee responsibilities related to technology potentially overlap?*
- *What other external disclosures could clarify the board's approach to technology oversight for investors and other stakeholders?*
- *How is the board regularly evaluating the effectiveness of its technology oversight and committee structure?*

When the nominating and governance committee leads a conversation on structure, boards in Malaysia should consider:

- **Technology maturity:**
  How digitally advanced is the business relative to local peers and regulatory expectations (e.g., financial institutions' RMiT maturity levels)?
- **Regulatory requirements:**
  Does the industry have sectoral rules (SC, BNM, Bursa Malaysia) that implicitly require stronger board oversight or reporting?
- **Expertise and training:**
  What external education, upskilling or advisors (local universities, CyberSecurity Malaysia, Malaysia Digital Economy Corporation (MDEC) initiatives) are available to raise board tech fluency?

What technology leaders want from boards

Here are four consistent expectations for effective board involvement in tech strategy.

1 Develop stronger relationships with technology executives and have more strategic discussion

Boards are looking for more strategic conversations with management, rather than just listening to presentations. Technology executives share this sentiment, of wanting to move beyond key performance indicators to discuss critical issues that need attention and investment.

2 Recognize the IT executive as a strategic leader

Technology is the backbone of modern business, and Chief Investment Officers (CIOs) and Chief Information Security Officers (CISOs) aim to move beyond their traditional roles as technology managers to become strategic leaders. They see their roles evolving like that of the Chief Financial Officer (CFO), becoming key players in strategic business decisions.

3 Set the technology risk appetite for the company and proactively discuss trade-offs

By engaging in robust discussions on technology-related market disruptions, ethics, trust, capital expenditures and return on investment (ROI), boards can align with management on the level of risk the company is willing to take to achieve its technology goals.

4 Maintain oversight without micromanaging

Technology executives prefer boards to set risk appetite and oversight frameworks (as per SC and BNM guidance) rather than prescriptive technical direction that risks stifling innovation.

Sources:

1 *Guidelines on Technology Risk Management*, Securities Commission Malaysia, 2024
https://www.sc.com.my/api/documentms/download.ashx?id=2f253636-07dd-4355-b89e-010b2ef581c1

2 *Risk Management in Technology Exposure Draft*, Bank Negara Malaysia, 2024.

Contacts

Dato' Abdul Rauf Rashid
Malaysia Managing Partner,
EY Malaysia

Tel: +603 7495 8728
abdul-rauf.rashid@my.ey.com

Farah Rosley
Malaysia Tax Managing Partner,
EY Malaysia

Tel: +603 7495 8254
farah.rosley@my.ey.com

Ong Chee Wai
Malaysia Assurance Managing Partner,
EY Malaysia

Tel: +603 7495 8776
chee-wai.ong@my.ey.com

Ng Boon Hui
EY-Parthenon Malaysia Strategy and Transactions Leader,
EY Malaysia

Tel: +603 7495 7817
boon-hui.ng@parthenon.ey.com

Shankar Kanabiran
Malaysia Consulting Leader; and Partner,
EY Malaysia

Tel: +603 7495 8824
shankar.kanabiran@my.ey.com

Ismed Darwis Bahatiar
Malaysia Clients and Industries Leader; and Partner,
EY Malaysia

Tel: +603 7495 8749
ismed.darwis@my.ey.com

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